Virginia Housing Trust Fund

An Update to the Virginia Housing Commission September 5, 2012

Overview

- Budget Item 108 G directed \$7 million in FY 2014 to the Virginia Housing Trust Fund
- This one-time allocation relied on budget language; it required no changes in provisions of the state code
- DHCD and VHDA will administer the Fund collaboratively
- The DHCD and VHDA plan outlining proposed uses of the Fund must be submitted to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2012

- At least 80 percent of the Fund must be used as flexible financing for low-interest loans through eligible organizations
- Loans are to be structured to maximize leveraging opportunities
- Loans are to be repaid to the Fund

Eligible uses for this 80 percent include:

- Affordable rental housing new construction, rehabilitation, acquisition
- Down payment and closing cost assistance for homebuyers
- Short, medium and long term loans to reduce the cost of homeownership and rental housing

Up to 20 percent of the Fund *may* be used for grants for targeted efforts to reduce homelessness, including:

- Temporary rental assistance, not to exceed one year
- Housing stabilization services in permanent supportive housing
- Mortgage foreclosure counseling targeting localities with the highest foreclosure rates
- Pre-development assistance for permanent supportive housing and long-term housing options for the homeless

Organizations eligible for funding:

- Localities
- Local government housing authorities
- Regional or statewide housing organizations assisting low- and moderate-income Virginia citizens
- Limited liability companies created for the express purpose of owning and operating affordable housing

The Plan – Input Sources

- Meeting with stakeholder groups
- Series of seven regional input sessions at six locations during July and August with almost 250 participants
 - Annandale, Charlottesville, Fredericksburg, Hampton, Richmond (2) and Roanoke
- Meeting with interested state agencies
 - Social Services, Corrections, Criminal Justice Services, Behavioral Health and Developmental Services, Board for People with Disabilities, DMAS, Aging and Rehabilitative Services, DHCD and VHDA
- 30-day comment period, which concluded on August 31, including data from an on-line survey and written comments

The Plan - Some Identified Needs

- More affordable rental housing
- Housing for high-need populations
 - DOJ Settlement, persons with disabilities, the chronically homeless, veterans and the very low income
- Further reductions in homelessness
- Opportunities for temporary rental assistance
- Sufficient flexibility to meet a variety of local circumstances and varied types of projects
- Balancing fund sustainability with loan terms that increase affordability for very low income residents

Initial Issues Identified

- Prioritization, targeting, depth of subsidies
- Matching assistance to identified needs
- Formalizing structure and operation of the Trust Fund to best meet its intended purposes

Next Steps

- Review of all input data
- Completion and submission of the Plan
- Consideration of other budget or legislative inputs
- Preparation for implementation by coordinating agencies
- Program startup in FY 2014